

### **GOAL THREE: PROVIDE OUTSTANDING CUSTOMER SERVICE**

**Providing outstanding customer service** is the third goal outlined in Ex-Im Bank's FY99 Annual Performance Plan. Ex-Im Bank recognizes that providing outstanding customer service is essential for the successful achievement of the organization's mission. To this end, Ex-Im Bank has committed itself to providing accurate and timely information on Ex-Im Bank programs, policies and procedures. In addition, Ex-Im Bank aims to expedite "turn around" time at all stages of its processes to meet the time frames needed to make its customers competitive. This goal is different from the other two in that it is not composed of specific objectives. The measure of success for this goal hinges upon the results of a "Customer Service Satisfaction Survey", dated October 1999, conducted by PriceWaterhouseCoopers.

#### Results

This survey is designed to collect information from customers of Ex-Im Bank who have submitted at least one application in the past year. The 1999 survey was administered through the mail and was sent to a stratified sample of 1,001 Ex-Im Bank customers in June 1999. Of the 1,001 customers, 950 were found to be eligible, and responses were received from 250 customers, an overall response rate of 26%. Respondents were asked to rate Ex-Im Bank's performance in eighteen specific service areas on a scale of 1 to 4, with 1 being "Not At All Satisfied" and 4 being "Very Satisfied".

According to the survey, overall customer satisfaction with the timeliness of Ex-Im Bank staff in returning inquiries was a 3.4 in FY99, the same score as in the previous year. Customers also seem to be pleased with the accuracy of information Ex-Im Bank staff provides them. This measure, represented by the categories of "knowledge of staff in application processing" and "knowledge of staff of policies and procedures relevant to customers" in the survey, was 3.5, up from 3.4 in FY98. In FY99, Ex-Im Bank also improved the ease with which customers can access its staff. The "telephone availability of staff during processing" category saw its score improve from a 3.1 in FY98 to a 3.3 in FY99, and the "office visit availability of staff during processing" rank jumped from 3.4 in FY98 to 3.6 in FY99.

In response to the results of the 1999 Customer Satisfaction Survey, Ex-Im Bank developed several initiatives in FY99 to further improve the levels of customer service it provides.

#### Loan and Guarantee Program

- Credit Analysis Initiatives

In FY99, the Structured Trade Finance Group, which houses all Ex-Im Bank loan and guarantee programs except Working Capital, underwent a realignment so as to improve the focus of its staff and the efficiency of its processes. The Group,

previously divided into geographical regions, dissolved this structure in favor of 4 divisions organized broadly around Ex-Im Bank product lines: Trade Finance, Structured Finance, Transportation, and International Business Relations/Operations.

**Trade Finance Division:** The main focus of this division is to expedite case processing, as well as to improve the transparency and predictability of applied credit standards. This division was designed to be the area within Ex-Im Bank that customers needing rapid turnaround of straightforward transactions would contact for assistance.

**Structured Finance Division:** This division was built upon the tenets of flexibility, creativity, innovation, and a willingness to devote resources to detailed structuring, with the goal of maximizing Ex-Im Bank's ability to leverage unique private credit opportunities to support US exports. Customers who have unusual or problem credits will find this division receptive to devoting the time and energy necessary to structure these complex deals.

**Transportation Division:** This division is responsible for all aircraft transactions and transactions involving asset-based support for easily movable goods, i.e. locomotives. The comparatively narrow focus of this area will continue Ex-Im Bank's commitment to aircraft industry specialization while applying the lessons learned from aircraft financings to other industries.

**International Business Relations/Operations Division:** This division is further divided into three sub-sections: Credit Review and Compliance, Credit Applications Processing, and International Business Relations. This new unit expands efficiencies by eliminating the cross-divisional redundancies and communication errors that the previous organizational structure engendered.

- Credit Review and Compliance manages all Credit Administration and Quality Assurance functions, as well as case processing, pre- and post-action audits, and data maintenance and integrity.
- Credit Applications Processing is responsible for the intake and review of all Letter of Interest, Preliminary Commitment, and Final Commitment applications under Ex-Im Bank's loan and guarantee programs, as well as the issuance of Letters of Interest.
- International Business Relations/Operations was developed to focus and expand Ex-Im Bank's international marketing efforts.

The establishment of Medium-Term credit standards in 1998 has resulted in faster processing time for medium-term transactions, since now both customers and credit officers know what standards must be met in order for a transaction to be approved. The next step in this processing efficiency was taken in the Fall of 1999; Ex-Im Bank established the Medium-Term Express Credit Program. Through this program, qualified banks conduct preliminary credit analysis, using

our medium-term credit standards. Ex-Im Bank then reviews their work within two business days and makes a decision.

- Disbursement Initiative

The Electronic Compliance Program pilot, a program focused on the development and implementation of a paperless medium-term disbursement authorization process, was launched in mid 1999 and is proceeding well. While the concept sounds fairly simple, the implementation of this process has proven to be a daunting task, requiring several different divisions of Ex-Im Bank to work together to confront the legal, policy, procedural, reporting, workflow, accounting, and computer system issues it has raised. Despite the inherent complexity of this endeavor, staff is confident that its efforts will pay off over the long term.

- Disbursement Processing Results

FY99 saw spectacular improvements in the turnaround time required to process a request for a disbursement. In 1999, despite no increase in the number of full time employees performing the processing, approval time improved by 27%, from 6.3 days to 4.6 days. This leap has been attributed to more efficient workflow management and teamwork. There has also been a marked improvement in the quality of the documents received from external clients for processing, proof that Ex-Im Bank's outreach efforts to educate Ex-Im Bank's program users on how to complete necessary paperwork have been successful. It is important to note that these dramatic improvements have occurred without any changes to the application processes and simultaneously with a 60% increase in the volume of disbursement requests reviewed, from approximately 9,000 in 1998 to 15,000 in 1999.

### Insurance Program

- Initiative

In May 1999, the Insurance Division, with the assistance of a task force comprised of a cross section of Ex-Im Bank staff, introduced short-term credit standards and program changes designed to improve transparency, predictability, the level of customer service, and the levels of risk assumed by Ex-Im Bank. These standards define what criteria Ex-Im Bank applies in evaluating the acceptability of an insurance request. The exporting community has lauded these changes, especially to small business exporters.

- Measurable Results

A review of the "turn-around" time data for the insurance program demonstrates that overall, Ex-Im Bank has expedited its underwriting processes during FY99.

On the buyer underwriting side, the percentage of short-term singlebuyer policies completed within a 5 day window (a service measure chosen internally by insurance division staff) jumped from 35% in FY98 to 43% in FY99, and on the exporter underwriting side, the percentage of short-term multibuyer policies underwritten within a 10 day window (again, a quality standard chosen internally by Ex-Im Bank) increased from 81% in FY98 to 95% in FY99. In addition, Ex-Im Bank is planning on automating its short-term insurance program, a step sure to further expedite the application, underwriting, and approval processes for Ex-Im Bank's customer base.

- Next Steps

In FY00, Ex-Im Bank will be working on automating the short-term insurance program. Once this project is completed, Ex-Im Bank will be able to assess its risk from a portfolio perspective, rather than on a case-by-case basis, as is done currently. Presumably, this change will enable Ex-Im Bank to assume more risk on individual transactions, as the impact of a loss on the typical short-term transaction is negligible. The larger risk to Ex-Im Bank is in concentrated losses in certain markets, with certain buyer types, or with certain industry sectors, all characteristics that an automated system will be able to detect early, allowing Ex-Im Bank to adopt appropriate standards to minimize the risk of large portfolio losses.

### Working Capital Guarantee Program

- Initiatives

Over the past year, Ex-Im Bank has devoted considerable effort in increasing its business with non-bank financial institutions, such as asset-based lenders. Through product improvements and direct outreach, this group of lenders has driven the growth of the working capital guarantee program. In many cases this direct outreach is the most effective, often the only, way to reach potential small business customers.

Ex-Im Bank has also undertaken several internal initiatives designed to increase the division's attractiveness to existing and potential customers. Ex-Im Bank has introduced powerful program changes, such as new documentation, streamlined reporting requirements and clarified lender obligations. Ex-Im Bank overhauled the instructions for the WCG Program into a new, comprehensive manual for program users. A new two-tier facility fee schedule was implemented that charges a lower fee for less risky WCG transactions.

### Other Accomplishments

In order to better position Ex-Im Bank in meeting customer needs, Ex-Im Bank instituted a realignment of its Business Development effort. This realignment will help staff to respond faster to customer needs, including developing new products for small businesses and expanding outreach capabilities. It is intended to sharpen Ex-Im Bank's focus on such high-growth markets as the technology and environmental sectors. To help grow Ex-Im Bank's outreach, Ex-Im Bank staff proposed the establishment of the Trade Association Partners Program (TAPP) and a revitalization of the City/State Partners Program. Management heartily endorsed the staff recommendation and at this time several Trade Associations are now participating in TAPP. This program, while still in the pilot stage, holds particular promise. This partnership is a concerted effort to tap into America's small business export-ready community to provide these companies the financing tools necessary to compete in the international market. Working with trade associations such as the National Association of Manufacturers, the Association for Manufacturing Technology, the Capital Equipment Export Council, and the Packaging Machinery Manufacturers Institute, will allow the Bank to reach hundreds, if not thousands, of companies that could not otherwise be reached by Ex-Im Bank's small sales staff.

During this same period, Ex-Im Bank refocused its efforts on existing partnerships such as the City/State Partners Program, a great example of federal and state cooperation. This partnership, which consists of 35 states and local government participants, delivers Ex-Im Bank's resources to small businesses in areas where Ex-Im Bank does not have a physical presence. During the past year, Ex-Im Bank has instituted a number of joint outreach efforts with its City/State Partners that have resulted in a significant increase in first time small business users of Ex-Im Bank programs.

### **PROGRAM EVALUATION**

The key program evaluation that Ex-Im Bank performed in FY99 was an assessment of Ex-Im Bank's competitiveness vis-à-vis foreign, official export credit agencies. Findings from the 1999 Competitiveness Report have been included in this report.

The 1999 Competitiveness Report is comprised of the results of a survey of exporters and bankers and an objective analysis of the various program features as compared to the program features of the other export credit agencies.

The 1999 Competitiveness Report concludes that the competitiveness of Ex-Im Bank financing has remained remarkably consistent over the years. On balance, the objective data and the anecdotal information compiled in the Report indicate that the risk coverage and financing terms (e.g., fees, rates and repayment structures) of Ex-Im Bank medium-and long-term support is clearly competitive

with that of foreign ECAs. That is, the basic financial features of Ex-Im Bank programs are as good or better than any other ECA and that Ex-Im Bank's approach to risk (on a global basis) is as responsibly aggressive as any ECA.

Nevertheless, certain non-financial aspects of Ex-Im Bank support continue to detract from the overall competitiveness of Ex-Im Bank financing. Specifically, the export community noted that unilateral US Government sanctions that impede the availability of Ex-Im Bank support in certain markets can and do result in lost business opportunities for US exporters. In addition, unique restrictions that seek to limit foreign sourcing (e.g., foreign content rules and US shipping requirements) affect US exporter ability to assemble the most cost competitive overall bids.

Overall, Ex-Im Bank has some of the best tools within the context of traditional export credits, but the foreign competition is finding ways to do more "outside the box". Most particularly, Ex-Im Bank will have to carefully monitor the competitors' practices that allow them to tap into the "private sector". The current problem facing Ex-Im Bank is that the pro-active, aggressive approach of the competition, when combined with Ex-Im Bank's conservative application of the "rules", appears to be resulting in an erosion of overall Ex-Im Bank competitiveness. This erosion is not likely to stop without some countervailing pressure, either to bring the competition back to the traditional public/private distinction or arm Ex-Im Bank with the tools necessary to compete in the evolving environment.